



County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

January 15, 2013

The Honorable Board of Supervisors
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

AMENDMENT NO. 4 TO LEASE NO. 66261 CHILD SUPPORT SERVICES DEPARTMENT 15531 VENTURA BOULEVARD, ENCINO (THIRD DISTRICT) (3 VOTES)

SUBJECT

The recommendation is a lease amendment to extend the lease five years, cancellable after 24 months with notice, for the Child Support Services Department, located at 15531 Ventura Boulevard, Encino.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the lease amendment is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.
2. Approve and instruct the Chairman to sign the amendment to extend the lease for five years with M&A Gabae, LP, (Lessor) for 45,775 rentable square feet of building space and 145 parking spaces, for the Child Support Services Department, located at 15531 Ventura Boulevard, Encino, at an annual first year rent not to exceed \$1,503,091. The costs associated with the proposed lease amendment will be funded 34 percent from State and 66 percent from Federal funds.

"To Enrich Lives Through Effective And Caring Service"

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the proposed lease amendment will extend the term to five years allowing Child Support Services Department (CSSD) to continue occupancy in a facility located at 15531 Ventura Boulevard, Encino. CSSD provides direct services to a client population within the Third Supervisorial District. The facility houses 156 Division I staff, who perform case management for approximately 153,000 child support cases with an average number of 1,300 scheduled interviews per month.

A cancellation right after the 24th month of the lease term, or approximately in January 2015 has been negotiated in this extension. The early cancellation provision will allow CSSD to be relocated into the San Fernando Valley Family Support Center (SFVFSC) which is anticipated to be completed in late 2014 or early 2015.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of the County of Los Angeles (County) operations to support the timely delivery of customer-oriented and efficient public services. In this case, the County is supporting this goal by providing an office that provide family support services and at the same time support fiscal sustainability. This proposed lease amendment complies with the Strategic Asset Management Principles, as shown in Attachment A.

FISCAL IMPACT/FINANCING

This amendment is for a five-year lease extension. The cost for the first year shall not exceed \$1,503,091 based on the terms and conditions of Lease Amendment No. 4, which has Consumer Price Index (CPI) increases and limits the annual rental adjustments to a minimum of 3 percent, and a maximum of 5 percent annually over the five-year term.

15331 VENTURA BOULEVARD, ENCINO	EXISTING LEASE NO. 66261	FIVE-YEAR LEASE RENEWAL	CHANGE
Area (square feet)	45,775	45,775	None
Term	12/18/07 – 12/17/12 Month to Month	Upon Board approval	+5 years
Annual Base Rent	\$1,503,091	\$1,503,091	None
Parking (included in base rent)	145 parking spaces	145 parking spaces	None
Cancellation	County has the right to cancel at the 36 th and 48 th months of option period upon 60 days prior written notice	County has the right to cancel any time after the 24 th month upon 120 days prior written notice	County has the right to cancel any time after the 24 th month upon 120 days prior written notice
Tenant Improvements	None	None	None
Option to Renew	Five-year option	Five-year option exercised	Five year option exercised
Rental Adjustment	Annual CPI increases not to exceed 4 percent annually of base year	Annual CPI increases with a minimum of 3 percent and a maximum of 5 percent of the new base year	Minimum 3 percent to a maximum of 5 percent of the new base year

Sufficient funding for the proposed five-year extension is included in the 2012-13 Rent Expense budget and will be charged back to CSSD. The costs associated with the proposed lease amendment will be fully funded 34 percent State and 66 percent Federal funded.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CSSD has been at this location since the building was refurbished for County use in 1992. The Lessor enclosed the center court-yard with a new roof pavilion, installed new carpet, painted the premises, and updated the HVAC during the last renewal period in 2007. There are no improvements provided for the proposed lease amendment.

The proposed five-year lease extension provides 45,775 rentable square feet and 145 parking spaces. The proposed lease amendment also contains the following provisions:

- The extension commences upon Board approval and ends five years thereafter.
- There is a cancellation provided any time after the 24th month upon 120 days prior written notice.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The current lease expired on December 17, 2012, and is currently on month-to-month holdover pending approval of the five-year lease extension. There has been no disruption of services to the public.

CEO Real Estate staff did not survey the area within the Division I Service Center area as CSSD is being relocated into the SFVFSC which is anticipated to be completed in late 2014 or early 2015. A five-year lease extension recommendation, with a cancellation right after the 24th month, is the most acceptable and economically viable option for CSSD pending the move to the SFVFSC. Attachment B shows all County-owned and leased facilities within the surrounding Encino/Van Nuys area and there are no County-owned or leased facilities available for this program.

Based upon a market survey of similar properties in the Encino/Van Nuys area, staff has determined that the base rental range including parking for similar properties is between \$30 and \$36 per square foot per year full-service gross. Thus, the \$32.83 base annual rent of the proposed lease extension represents a rate within market range for the area.

The Honorable Board of Supervisors
January 15, 2013
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:TS:ls

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Child Support Services

**CHILD SUPPORT SERVICES DEPARTMENT
DIVISION I DISTRICT SERVICE CENTER
15531 VENTURA BOULEVARD, ENCINO
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients?			X
	C	Does this lease centralize business support functions?			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio is 1/280 sq. ft. The space does not meet the 200 sq. ft. per person guidelines and down sizing was recommended. After analysis and budget review, it is recommended that CSSD remaining at this location, at the 1/280 sq.ft.ratio is the most viable option at this time.		X	
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 100 % State and Federal funding		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? A capital project is planned to be completed in late 2015 or early 2015.	X		
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered? SFVFSC will house several departments including CSSD when completed in late 2014 or early 2015.	X		
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease?	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			
		² If not, why not?			

Attachment B

**SPACE SEARCH, WITHIN SERVICE AREA OF DIVISION I DISTRICT
CHILD SUPPORT SERVICES DEPARTMENT**

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAIL
5858	DHS-PACOIMA PUBLIC HEALTH CENTER	13300 VAN NUYS BLVD. PACOIMA 91331	5404	3058	OWNED	NONE
A213	DHS NORTH DISTRICT HEALTH FACILITIES OFFICE	15643 SHERMAN WAY, VAN NUYS 91406	3712	3600	LEASED	NONE
A316	SHERIFF NORTH HILLS TRAP	8353 N SEPULVEDA BLVD NORTH HILLS 91343	1500	1500	LEASED	NONE
D310	DPSS EAST VALLEY WS DISTRICT OFFICE	14545 LANARK ST. PANORAMA CITY 91402	96360	96360	OWNED	NONE
6359	MID VALLEY SAN FERNANDO VALLEY SERVICE CENTER	17555 VAN NUYS BLVD. VAN NUYS 91405	17698	10623	FINANCED	NONE
A383	DHS SAN FERNANDO DIST ENVIRONMENTAL HEALTH	6851 LENNOX AVENUE VAN NUYS 91405	7537	7180	LEASED	NONE
A494	PROBATION VAN NUYS JUVENILE SERVICES ANNEX	7100 VAN NUYS BLVD., VAN NUYS 91405	1900	1710	LEASED	NONE
A494	PROBATION VAN NUYS JUNENILE SERVICES	7100 VAN NUYS BLVD., VAN NUYS 91405	2484	2360	LEASED	NONE
A491	PROBATION VAN NUYS JUVENILE SERVICES	14540 HAYNES ST. VAN NUYS 91411	13500	11475	LEASED	NONE
A585	APD VAN NUYS OFFICE	14553 DELANO ST VAN NUYS 91411	2750	2612	LEASED	NONE
4705	PROBATION EAST SAN FERNANDO VALLEY AREA OFFICE	14414 W DELANO ST VAN NUYS 91401	15825	8362	OWNED	NONE
5273	VAN NUYS COUNTY ADMINISTRATIVE CENTER	14340 W SYLVAN ST. VAN NUYS 91401	9849	6992	OWNED	NONE
7278	VAN NUYS COURTHOUSE EAST	6230 SYLMAR AVE VAN NUYS 91401	180296	88650	OWNED	NONE
4400	VAN NUYS COURTHOUSE WEST	14400 ERWIN ST VAN NUYS 91402	320931	125801	FINANCED	NONE
Y472	VAN NUYS COURTHOUSE BLDG. A	6280 SYLMAR ST VAN NUYS 91401	4740	3106	OWNED	NONE
Y473	VAN NUYS COURTHOUSE BLDG. B	6280 SYLMAR ST VAN NUYS 91401	4740	3148	OWNED	NONE
Y474	VAN NUYS COURTHOUSE BLDG. C	6280 SYLMAR ST VAN NUYS 91401	4740	3148	OWNED	NONE
Y476	VAN NUYS COURTHOUSE BLDG. E	6280 SYLMAR ST VAN NUYS 91401	3373	1987	OWNED	NONE
Y477	VAN NUYS COURTHOUSE BLDG. F	6280 SYLMAR ST VAN NUYS 91401	576	495	OWNED	NONE
T027	VAN NUYS COURTHOUSE TRAILER C	6830 SYLMAR ST VAN NUYS 91401	3164	2824	OWNED	NONE
T026	VAN NUYS COURTHOUSE TRAILER D	6830 SYLMAR ST VAN NUYS 91401	8116	7086	OWNED	NONE
Y442	VAN NUYS COURTHOUSE TRAILER F	14400 W DELANO ST VAN NUYS 91401	11037	6470	OWNED	NONE
A276	DCFS REGION V NORTH HOLLYWOOD SERVICE OFFICE	12020 CHANDLER BLVD. NORTH HOLLYWOOD	43258	41106	LEASED	NONE

AMENDMENT NO. 4 TO LEASE NO. 66261
15531 VENTURA BLVD., ENCINO
CHILD SUPPORT SERVICES DEPARTMENT

This Amendment No. 4 to Lease No. 66261 is made and entered into this day of January , 2013, by and between M & A GABAE ("Lessor"), and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee").

WHEREAS, the COUNTY OF LOS ANGELES, as Lessee, has entered into that certain Lease No. 66261 dated July 28, 1992, ("Lease") for approximately 45,775 rentable square feet of office and storage space in a building located at 15531 Ventura Blvd., Encino;

WHEREAS, the parties amended Lease No. 66261 with Lease Amendment No. 2 on October 1, 2002 ("Amendment No. 2") to extend the term of the Lease for an additional five year period which began on October 16, 2002 and expired on October 15, 2007 ("Lease Extension");

WHEREAS, the Lease has continued through mutual holdover beginning October 16, 2007 and terminating November 30, 2007 ("Holdover Period");

WHEREAS, the parties Amended Lease No. 66261 with Lease Amendment No. 3 on December 8, 2007 ("Amendment No. 3") to extend the term of the Lease for an additional five year period which began on December 16, 2007 and expires on December 17, 2012 ("Second Lease Extension");

Whereas, the parties never entered into a Lease Amendment No. 1; and

Whereas, the parties now desire to amend said Lease No. 66261 to extend the term of the Lease beyond the term of five years ("Third Lease Extension"), upon approval by the Board of Supervisors, County of Los Angeles ("Board of Supervisors").

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Paragraph 2 of the Lease and Paragraph 1 of Amendment No. 3, TERM, of the Lease and Amendment No. 3 shall be amended by adding the following:

The term of the Third Lease Extension shall commence upon approval by the Board of Supervisors, ("Third Lease Extension Commencement Date") and shall terminate five years thereafter ("Third Lease Extension Termination Date").

2. Paragraph 3 of the Lease and Paragraph 2 of Amendment No. 3, RENT, of are

hereby deleted in its entirety and in its place shall be substituted with the following:

Beginning on the Third Lease Extension Commencement Date, the Monthly Base Rent payable with respect to the Premises shall be amended to be equal to One Hundred Twenty Five Thousand Two Hundred Fifty-Seven and 70/100 Dollars (\$125,257.59) per month, (i.e.; \$2.736 per square foot, full service for the 45,775 square feet which make up the Premises, as defined in the Lease). All Monthly Base Rent payable under the Lease, as amended, is payable in advance by Auditor's General Warrant within fifteen days after the first day of each and every month of the term hereof provided Landlord files a payment voucher therefore prior to the Third Lease Extension Commencement Date and thereafter annually during the month of June with the Auditor of the County of Los Angeles.

3. Paragraph 5. CANCELLATION of the Lease is hereby deleted in its entirety and in its place shall be substituted with the following:

Lessee shall have the right to cancel the Lease anytime after the 24th month of the the Third Lease Extension period by giving 120 days prior written notice

4. Paragraph 6. HOLDOVER of the Lease is hereby deleted in its entirety and in its place shall be substituted with the following:

In the event Lessee remains in possession of the Premises beyond the end of the Third Lease Extension term, such tenancy shall remain subject to the applicable terms and conditions of the Lease, Amendment No. 2, Amendment No. 3, and Amendment No. 4 and shall not be a renewal hereof, and the Monthly Base Rent then payable shall be that Monthly Base Rent payable under the applicable terms of the Lease this Amendment No. 4. Either party may during the Holdover cancel this Lease by giving the other party not less than 60 days prior written notice.

6. Paragraph 27. RENTAL ADJUSTMENTS of the Lease is hereby deleted in its entirety and in its place shall be substituted the following:

A. At the thirteenth month of this Third Lease Extension and every twelve months thereafter, the rent shall be adjusted in accordance with the CPI formula set forth hereinafter in Paragraph 27 B. The "Base Index" shall be the Index published for November 2012.

B. CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84-100), herein referred to as "Index".

The rental adjustment for the net Base Rent shall be calculated by multiplying the Lessor's base rent of \$125,257.59, by a fraction, the numerator being the New Index which is the Index published for the month immediately preceding the month the

adjustment is effective, which is the Index published for November, then add to the total result the amount needed to amortize Lessee's tenant improvements.

The formula shall be as follows:

[New Index I

[Base Index] X \$125,257.59

The total of the Monthly Base Rent, the monthly cost to amortize additional tenant improvements and change orders, if any, shall be the new Monthly Base Rental rate, i.e.:

Base Rent

+ the amount to amortize additional Tenant Improvements, if any

+/- the amount to amortize change orders, if any = New Monthly Base Rent

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the Third Lease Extension, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of the Third Lease Extension, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with Paragraph 22M for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions: In no event shall the Monthly Base Rent adjustment based upon the CPI formula set forth in this Paragraph 27 result in an annual increase no less than three percent (3%) nor greater than five percent (5%) per year of the Monthly Base Rent of \$125,257.59.

12. All other terms and conditions of Lease No. 66261 and Amendment No. 2 and Amendment No. 3 shall remain the same and in full force and effect.

13. Lease Amendment No. 4 contains the entire agreement of the parties with respect to the Third Lease Extension provisions contained herein. Upon approval by the Board of Supervisors, Amendment No. 4 supersedes any and all prior agreements of the Lessor and Lessee with respect to such provisions.

IN WITNESS WHEREOF, the Lessor has executed Amendment No. 4 or caused it to be executed, and the County of Los Angeles by order of its Board of Supervisors, has caused Amendment No. 4 to be executed on its behalf by the Chairman of said Board

ATTESTED:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

LESSOR ~~M & A GABAE~~, a California limited Partnership by: *Sancum Inc. general Partner*

By: _____, *President*
Lessor

LESSEE: COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Deputy